

NEWS RELEASE

Issued on behalf of Flowtech Fluidpower PLC
Immediate Release

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

FLOWTECH FLUIDPOWER PLC

("Flowtech", the "Group" or "Company")

Group Trading update and Notice of HY results

London: Monday, 10 July 2017: AIM listed specialist technical fluid power products supplier **Flowtech Fluidpower plc (LSE: symbol FLO)**, issues the following unaudited Trading Update for the six-month financial reporting period ended 30 June 2017:

GROUP TRADING UPDATE

It is very pleasing to report that Group revenue during the first half of the current year increased by 24.7%. Our strong performance is being driven by the continued momentum across all the business divisions and further enhanced by the contribution from new subsidiaries.

Revenue for the period ended 30 June 2017			
£'000	HY1 2017	HY1 2016	Growth
Flowtechnology	19,326	18,093	+ 6.8%
Power Motion Control (PMC)	12,706	8,268	+ 53.7%
Process	2,120	1,026	+ 106.6%
Total Group revenue for the period	34,152	27,387	+24.7%
Net debt	8.3	14.1	

The **Flowtechnology** division has increased its revenues by 6.8%. As well as the acquisition of Indequip in February 2016, this improvement has been powered by strong organic growth within the core business, set against market conditions that remain generally challenging. The Flowtechnology division has continued to develop its product set and service offering while increasing its market opportunities; this depth of understanding has been the foundation for the growth. Underlying trading is solid and we expect to make further positive progress over the year and beyond.

Power Motion Control division has also increased its revenues by 53.7% which is a mix of strong underlying growth from each business and a contribution from recent acquisitive activity already covered. All the businesses within this unit are highly technical and complementary to each other. Under the PMC banner we deliver a collaborative approach to our customers and this has created increased impetus and opportunity for the Group. The order book is solid and we enter the second half of the year in a good position that indicates that further growth will be achieved.

Growth in the newest division **Process** reflects a mix of organic and full year effects from the acquisition of Hydravalve in March 2016, and will now be enhanced by the acquisition of Orange County which has been announced today.

FINANCIALS

The Group's ongoing focus on GP across all the divisions, linked to our flexible pricing models and specialised procurement programmes has enabled the business to maintain and develop its Gross Margins in line with market expectations; the balance sheet remains strong, with cash generation also in line with our targets set. Net Debt continues to be well within available facilities and covenants providing further scope for the Company to utilise its own resources to fund accretive acquisitions in H2.

ACQUISITIONS

At the start of the six-month period, the Group acquired Hydraulics & Transmissions Limited (HTL) (20 January 2017). This business has strengthened our position with key global suppliers and delivers incremental revenue to the Group that previously it could not address. HTL has been successfully integrated into PMC. On the 23 June 2017, we further boosted the PMC offering by adding new technical expertise through the acquisition of Hi-Power Limited, a distributor of hydraulic components and systems design. Although Hi-Power has not contributed to the H1 results, it will as we move forward deliver incremental revenue as well as extending Flowtech's position with key European suppliers. The Group's acquisition and control processes which are in place have allowed the integration of both HTL and Hi-Power into the business quickly and with little disturbance to the customer facing trading businesses. Both these businesses are trading strongly.

The successful capital raising at the end of March 2017 has let us more actively pursue acquisitions; under a separate announcement today we have acquired a further complementary business with high level technical engineering skills and established relationships with world-leading manufacturers.

The acquisition and product pipeline remains strong and continues to develop; we have several more opportunities that will add value and enhance our current brand portfolio and offering and, we are confident that we will conclude a number of these transactions over the coming months.

INVESTMENT FOR THE FUTURE

As part of the ongoing development of the overall business, the **Shared Logistics Centre** based at Skelmersdale is in the process of redevelopment. This investment initiative which is expected to be completed by the end of September 2017, will increase capacity by over 40%, and will deliver greater operational and stocking efficiencies for use by the entire Group.

SUMMARY

Our focus continues to be growth through both acquisitive and organic means backed up by our four-layered approach to extracting synergistic benefits over the short, medium and long term. This targeted approach ensures we can achieve both a concentration and enhancement to our product set which is the core of our business model. The Board believe that the acquisitions so far this year clearly reinforce the ongoing strategy to develop a focused Fluid Power Group that serves a wide number of industry sectors, allowing a de-risking of some of the cyclic nature of the business.

The Group's current underlying performance will deliver another year of solid progress. As a business, we are confident in our strategy, commercial opportunities and the prospects of the Group and, the business remains on track to meet current market expectations for the year ending 31 December 2017.

NOTICE OF RESULTS

The Group will release its Half-Year results on Tuesday 12 September 2017. The HY results will be available to view and download from the Company's website www.flowtechfluidpower.com. In addition, a presentation of these results will also take place on the day via conference call facility - further details or to join the conference can be requested via the Nomad, Joint Broker, or by contacting the IR Company, details of which are shown below.

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EDITORS' NOTES

About Flowtech Fluidpower plc: visit www.flowtechfluidpower.com

The business was founded as Flowtech in 1983, and is the UK's leading specialist supplier of technical fluid power products. The Flowtech Group has three divisions: Flowtechnology, Power Motion Control and Process. All three of the Group's divisions have overlapping product sets, allowing procurement synergies to be maximised.

The **Flowtechnology division** focuses on supplying distributors and resellers of industrial MRO (maintenance, repair and operation) products, primarily serving urgent orders rather than bulk offerings. It is formed from Flowtechnology UK, Flowtechnology Benelux and Indequip. It offers an unrivalled range of Original Equipment Manufacturer (OEM) and Exclusive Brand products to over 3,400 distributors and resellers and the catalogues are recognised as the definitive source for fluid power products, containing 100,000 individual product lines and are distributed to more than 80,000 industrial Maintenance, Repair and Overhaul end users (MRO). The **Power Motion Control division** specialises in the design, assembly and supply of engineering components and hydraulic systems and is further enhanced by a service and repair function. The division is formed from Primary Fluid Power, Nelson Hydraulics, TSL Fluidpower and HTL. The **Process division** focuses on the supply of industrial components to the process sectors.

The Group's **main distribution centre** is in Skelmersdale, Lancashire with further distribution centres in the Netherlands and China. The **Power Motion Control division** (PMC) has operations in Merseyside, Northern Ireland, the Republic of Ireland, Shropshire and Yorkshire; **Process** operates from the West Midlands & County Durham. In total, the business employs over 318 people.